

TODAY'S MOST CRITICAL LEADERSHIP SKILL: NAVIGATING PARADOXES

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If you are leading an organization—large or small—you may be feeling mounting pressure to navigate paradoxes. You are not alone. Building from two decades of our own and others' research, we find that paradoxes are core to leaders' most vexing problems, but also to their solutions.

In 2018, Oxford professors Michael Smets and Tim Morris teamed up with the executive talent firm Heidrick and Struggles to interview more than 150 Chief Executive Officers (CEOs) from around the world about their greatest challenges. The researchers wanted to know what kept these leaders up at night. The key finding? Paradoxes! The CEOs struggled with ongoing tug-of-wars such as those between adapting to ongoing change and staying focused on the organization's core mission, and leveraging global trends and scale while serving and competing in their local marketplaces. Each issue that the research team identified had, at its core, a paradox: "Faced with competing, yet equally valid, stakeholder demands, CEOs increasingly face paradoxical situations of choosing between 'right ... and right.' To get the 'best of both worlds,' CEOs need to first balance their personal paradoxes so they can find balance for their companies." Likewise, Deloitte's human capital trends survey stressed that leaders need "paradoxes as a path forward," while PricewaterhouseCoopers (PwC) argued that effective leaders need to successfully navigate six paradoxes, including being a globally minded localist, a humble hero, and a tech-savvy humanist.

This rising expectation of leaders to embrace and thrive with paradox invites a pressing question: How? It is one thing to label challenges as paradoxical and another to know what to do about them. In our own research, we have explored that question in depth over the last 25 years. We bring that research together into an integrated model. In this piece, we define paradoxes and related concepts of tensions and dilemmas, identify how paradoxes underlie our greatest leadership dilemmas, and introduce tools for managing paradoxes within what we call The Paradox System.

Paradoxes Underlie our Greatest Leadership Challenges

Across our research, we noticed significant differences in how leaders understand and respond to their greatest challenges. Our studies have explored approaches used in corporate behemoths such as IBM and LEGO, startups and social enterprises, as well nonprofits and government agencies. And we've learned from all kinds of leaders as they grapple with vexing and varying issues.

Regardless of context, such messy problems are difficult because they present us with dilemmas—choices between alternatives. Do I focus on short-term goals or plan for the long-term? Do I ensure bottom line profits

or address environmental and social concerns? Do I do what's best for my company overall or what's best for individual employees? We feel tension—the experience of opposition. It feels like an inner tug-of-war, and it begs us for a response.

Lots of scholars offer important suggestions about how to make clear and compelling choices in response to dilemmas. But before making a choice, we must all first look deeper to understand the nature of the problem. We need to examine the core topics that have animated our research. We need to understand tensions, dilemmas and, most vitally, paradoxes (see Figure 1).

- **Tensions** include all types of situations where alternative expectations and demands are in opposition. We feel an internal tug-of-war. The word *tensions* offers an overarching term to describe both presenting dilemmas and their underlying paradoxes. Tensions are neither good nor bad; they can drive creativity and sustainability or lead to defensiveness and destruction. Their impact depends on how we respond.
- **Dilemmas** present opposing alternatives, each option offering a logical solution on its own. Leadership problems and challenges often show up for us as a dilemma, where we feel pressure to choose between alternative options. Yet as we try weighing the advantages and disadvantages of each, we find

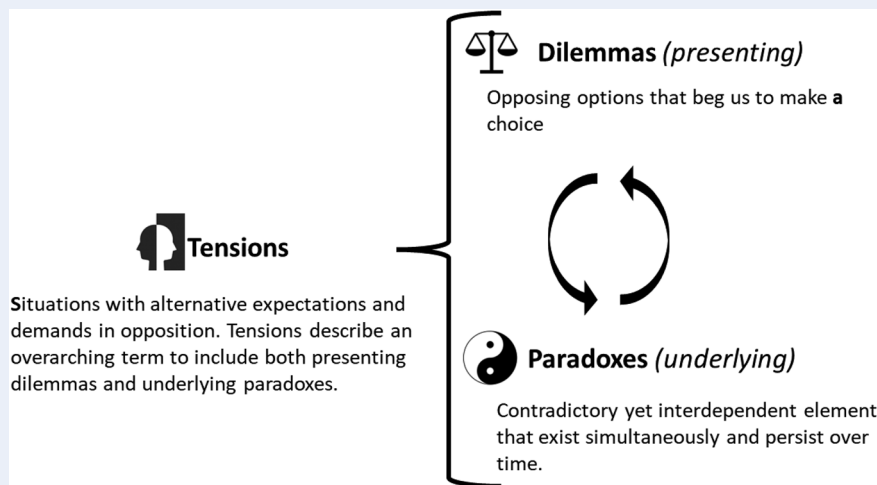


FIGURE 1. THE LANGUAGE OF TENSIONS

The impact of tensions depends on how we respond.

ourselves stuck. The pros of one option define the cons of the other, and vice versa. We chase our tails looking for the clear, right, and lasting solution, but it often doesn't appear. Moreover, when we decide between options, we can, over time, become stuck in a rut that leads to a vicious cycle.

- **Paradoxes** are interdependent, persistent contradictions that lurk within our presenting dilemmas. Diving into a dilemma, exploring the options at a deeper level, we find opposing forces interlocked in a circular ebb and flow. Paradoxes may seem absurd at first as they integrate contradictions, yet a more thorough investigation can unveil a logic to the holistic synergies of competing demands. Other researchers use words like polarity or dialectics in similar ways. In our own studies, we adopt the word *paradox* to align with a rich research tradition, and to reflect their often complex and mysterious ways.

In one of our studies, we explored how IBM leaders navigated innovation tensions as they shifted into cloud computing in the early 2000s. Business unit general managers are all committed to ensuring ongoing success

Paradoxes may seem absurd at first.

with their existing products while experimenting with new products for the future. Doing so sparked ongoing tug-of-wars over how to allocate their engineers' time, how to reward their sales force, and how to structure their senior leadership team. Leaders felt pressure to make choices. Yet underlying these dilemmas are paradoxes between today and tomorrow, core and explore, stability and change, short-term and long-term. These underlying paradoxes are contradictory as options pull leaders in opposite directions, but also are interdependent in that they are interwoven and reinforcing. Moreover oppositional yet interdependent tensions never go away; they persist. No matter how many times you face conflicting forces between self and other, past and future, stability and change, while details of the presenting dilemma may change, the underlying paradox remains.

In our research, we identify four organizational challenges associated with underlying paradoxes. We describe them as obligation (performing paradoxes), innovation (learning paradoxes), globalization (belonging paradoxes) and coordination (organizing paradoxes) (see Figure 2). Tensions such as those between mission and market and between financial outcomes and social responsibility intensify as leaders seek to meet their *obligations* to varying stakeholders.



FIGURE 2. ORGANIZATIONAL CHALLENGES ASSOCIATED WITH FOUR TYPES OF PARADOXES

Oppositional yet interdependent tensions never go away.

Performing paradoxes involve opposing yet interwoven demands surrounding the organization's *obligations*, outcomes, goals, and expectations. Traditional strategies focus narrowly on one set of stakeholders, typically shareholders. *Innovation* challenges involve *learning paradoxes* as they require leading for both today and tomorrow, for both short-term successes and long-term visions, and for both stability and change. Addressing varied issues of obligation and innovation creates *coordination* challenges, surfacing underlying *organizing paradoxes* such as centralization and decentralization, cooperation and competition, emergence and planning. Finally, as technology enables more and faster connections across regions, organizational leaders face increased *globalization* challenges. Embedded in these challenges are *belonging paradoxes* informed by tensions between global integration and local uniqueness, self and others, whole and parts, insiders and outsiders.

Organizations are inherently complex, given their many varied and interwoven functions and processes. At any of the intersections you have friction, because

Changing the question shifts our view.

people bring different perspectives, different needs, sometimes different performance drivers that you cannot avoid. The challenge in any organization is to turn friction into positive energy. So how do you do this? And on what do you spend your time? Effective responses involve navigating paradoxes. Yet to complicate matters further, the paradoxes associated with one challenge are knotted with paradoxes associated with other challenges to form an interwoven fabric. Pull the string of one paradox and it tugs on the others.

From Either/or to Both/and Thinking

Effectively addressing organizational tensions starts by noticing the paradoxes that lurk beneath our presenting dilemmas. The next step involves learning to more deftly navigate these paradoxes.

Navigating paradoxes requires understanding that tensions are double-edged swords—they can drag us down a negative path or catapult us toward a more positive one. In the same way that waves are a form of transmitting energy that can be both productive and destructive, so too can tensions be unleashed for destruction and detriment or harnessed for creativity and opportunity.

Tensions, however, foster anxiety. A dilemma presents us with alternative and contrasting options. Each seems valid on their own, yet poses opposing pros and cons. Faced with such uncertainty, we often want to run and reclaim more clear and stable ground. We zoom in on the question and narrow our approach, applying more binary either/or thinking, evaluating alternative options, and choosing between them. Making a clear choice removes the uncertainty and therefore can minimize anxiety in the short term, but it can also limit creativity and diminish more sustainable possibilities. For example, leaders often adopt either/or thinking in response to their strategic dilemmas—move into a global market or stay domestic? Work virtual or maintain hybrid options? Develop digital solutions or maintain a human touch? These dilemmas can feel

mutually exclusive; picking one option means rejecting the other.

At times, either/or thinking is really useful. We may seek a clear choice when the consequences of the decision are minimal and it's not worth the time or effort to explore an issue further. We don't necessarily need to dig deeper into paradoxes to decide what food to order for the organization's picnic. Yet most of the time, either/or thinking can result in responses to dilemmas that are limited at best and detrimental at worst. Tensions spark defensiveness that leads us to want to make a decision. But making a choice can add to our problems. Psychology studies show us again and again how we prefer stability and consistency over uncertainty and change. Once we make a choice, we often want to maintain consistency. We then become so engrained in how we do something that we become stuck in a rut. We stay where we are until something drastic forces us to change. This tendency usually leads us to overcorrect, swinging the pendulum to the opposite alternative and triggering an ongoing vicious cycle. Organizations often face swings between too much and not enough innovation, or between too much and not enough focus on employee benefits. Ultimately, this kind of either/or thinking can lead us down a vicious cycle that swings between alternative options—a long and winding road, with lots of chaos along the way.

What if we think about our dilemmas differently? What if, instead of trying to choose between the mutually exclusive options, we start by surfacing the paradoxes that lurk beneath our dilemmas and recognize that those paradoxes cannot be solved? Instead of choosing between alternative poles of paradox, what if we ask a different question: how might we engage both poles simultaneously? How might we accommodate competing demands over time? Doing so invites us into both/and thinking, embracing tensions to enable more creative, effective, and sustainable solutions. In doing so, we start to see the holistic integration that moves us beyond the binaries. Both/and thinking can open up dialogue and fuel virtuous cycles.

The Paradox System: Navigating Paradox is Paradoxical

Some people argue that effectively navigating paradoxes requires a big-brain, emotionally intelligent CEO or a cadre of both/and thinking senior leaders. Others stress that you just have to get the structures, mission, goals, and policies of your organization right. To be sure, those elements can help. Yet through our extended research we find that navigating paradoxes involves using a mix of tools, which we pull together in what we call The Paradox System. These integrated sets of tools enable both/and thinking. As memory aid, think ABCD: tools that shift how we think (assumptions) and how we feel (comfort), as we build static structures (boundaries), while enabling adaptive practices (dynamics).

Both/and thinking begins with *assumptions*, mindsets and underlying beliefs that enable us to cognitively hold two opposing forces at the same time. The first step in shifting our approach is changing how we frame the problem. Rather than asking, "Should I choose A or B?" both/and thinkers ask, "How can I accommodate A and B?" In the 1970s, Albert Rothenberg, now a professor of psychiatry at Harvard Medical School, wanted to understand what helped geniuses like Einstein, Mozart, Picasso, and the 20th century novelist Virginia Woolf generate their most creative ideas. Studying their diaries and writings, Rothenberg found that these geniuses juxtaposed contradictory ideas and explored their connections. For example, rather than asking if an object was in motion *or* at rest, Einstein wondered if an object could be both in motion *and* at rest at the same time. Changing the question shifts our view. Mindsets matter. In our own research, we developed the Paradox Mindset Inventory (see paradox.lerner.udel.edu). We tested over 3000 individuals and leaders worldwide and found that those with a paradox mindset who experienced tensions and adopted both/and thinking to address these tensions were more creative, satisfied and effective in their jobs. Rather than assume that the world is consistent, linear

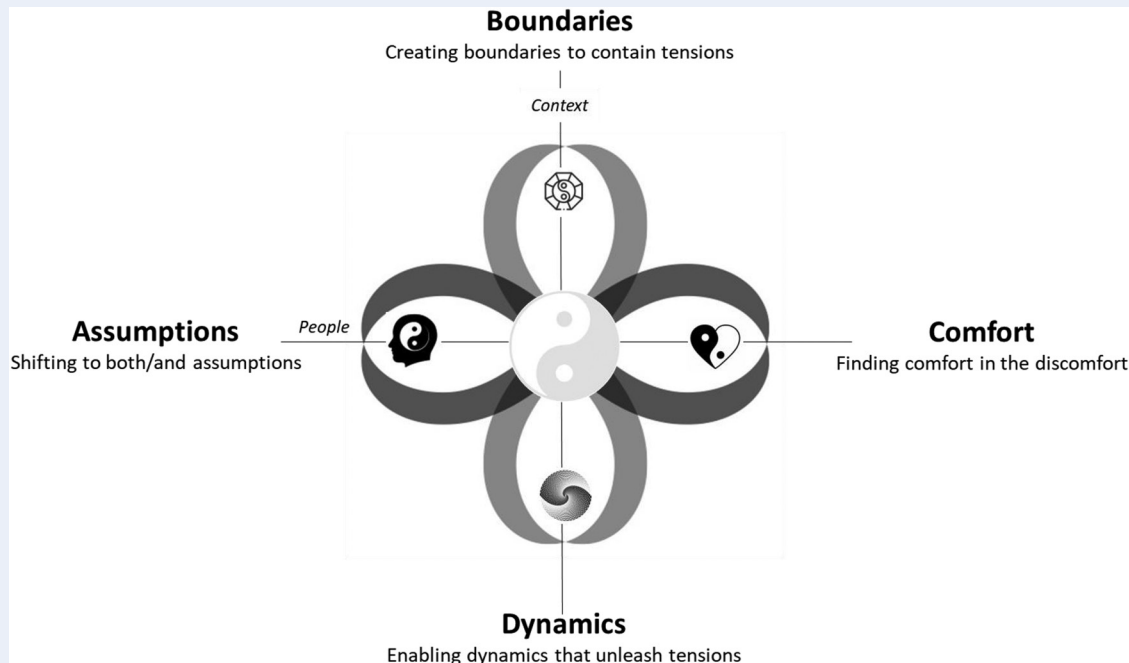


FIGURE 3. THE PARADOX SYSTEM

and static, both/and thinking assumes that the world is contradictory, circular and dynamic.

Boundaries involve the structures that we build around us to support our mindsets, emotions and behaviors as we confront paradoxes. Competing demands can lead us into a rut if we pick a side and then stubbornly defend it until we get stuck in a vicious cycle. Boundaries help keep us from falling into that rut in the first place. A higher purpose—an overarching vision that motivates and unites—reminds us why and how we engage with paradoxes in the first place. Creating structures that both separate competing demands, by pulling them apart and valuing each one, and connect them, by finding synergies and integration, enables more sustainable solutions. Finally organizational guardrails—structures that support each side of the paradox—keep us from going too far into a rut and focusing too much on one side to the detriment of the other.

Comfort focuses on our emotions. Paradoxes trigger deep emotions. On the one hand, tensions spark anxiety and defensiveness, which can trap us in either/or thinking. On the other hand, the unleashing of new and creative options to address tough problems can be

exciting and energizing. Navigating paradoxes requires leadership practices to surface and honor our initial emotional discomfort with paradoxes and find ways to be comfortable with the discomfort.

Finally, *dynamism* involves actions that enable continuous learning and change, encouraging shifts between competing demands. Paradoxes involve dualism and dynamism—two opposing forces constantly crashing against and shifting one another. Dynamic actions allow us to capture the constant that is change, keeping us from getting stuck in an either/or rut, including leadership practices to encourage experimentation, seek serendipity and invite employees to learn to relearn.

Two important insights emerged as we studied leaders applying these tools. First, we use the label of a paradox system because the most effective both/and thinkers don't just pick one set of tools. They engage with all of these tools, enabling them to work together. They adopt both/and mindsets while also managing their emotions to become comfortable with the discomfort. They set static boundaries to guide their responses to tensions while staying flexible to learn, adapt and change over time.

Second, navigating paradoxes is paradoxical. Tensions are embedded in the foundations of the paradox system. As shown in Figure 3, across the horizontal (people) axis are tools to engage the heart and mind. Often in conflict, heart and mind can also reinforce one another. The vertical (context) axis in the figure represents tools that help frame a particular situation, fostering stable boundaries and enabling changing dynamics. Again, stability and change pull in opposite directions but also foster synergies. Together, these tools support both/and thinking that addresses paradoxes both personally (assumptions and comfort) and contextually (boundaries and dynamism).



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Conclusion

Leadership is paradoxical. To effectively lead is to navigate paradoxes. Our research, however, finds that you can learn to live, lead, and thrive through tensions. We encourage all of you—as organizational leaders and individuals—to be bold and confident, yet humble and vulnerable in building a paradox system in your organizations and in your lives.

This article is adapted from the book *Both/And Thinking: Embracing Creative Tensions To Solve Your Toughest Problems*, by Wendy K. Smith and Marianne W. Lewis (Harvard Business School Press, 2022).

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Wendy K. Smith is the Dana J. Johnson Professor of Management and Faculty Director of the Women's Leadership Initiative at the University of Delaware. Her research on paradoxes has work has won multiple academic awards and has been featured in outlets such as the Harvard Business Review. Her new book, Both/And Thinking: Embracing Creative Tensions To Solve Your Toughest Problems (www.bothandthinking.net) integrates 25 years of academic research to understand how to adopt both/and thinking to address organizational paradoxes.